

# **AGE AND SERVICE (VOLUNTARY) RETIREMENT**

A.C.A. § 24-7-502, A.C.A. §§ 24-7-701—707, and A.C.A. § 24-7-202 (unless otherwise noted)

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## **REGULATIONS**

### **1. RETIREMENT ELIGIBILITY**

If eligible, any active or inactive member who attains age 60 and has five (5) or more years of actual and reciprocal service credit may voluntarily retire upon written application filed with the System. In order to be eligible, a member must comply with the following requirements:

- A. Satisfy the credited service requirements under one of the System's retirement statutes, A.C.A. §§ 24-7-701—707,
- B. Be credited with all required employer and member contributions in the member's deposit account with no amounts owed to the System,
- C. Pay all amounts owed to the System for underpayments or purchase service accounts; and
- D. Terminate employment with all participating employers or have reached age 65 or older.

### **2. BENEFITS**

#### **A. Benefits Formula**

The retirement benefits payable shall be the total number of contributory years of credited service multiplied by 2.065% of the final average salary, plus the total number of noncontributory years of credited service multiplied by 1.305% of the final average salary.

If an employer reports additional salary for a member, but the result does not increase or decrease the annual benefits by \$25.00 or more, the contributions will be transferred from the member's deposit account to the employer accumulation account without making any change in the member's benefit. If the additional salary does increase or decrease the retiree's annual benefit by \$25.00, the retirement benefits will be recalculated, and necessary changes will be made in the member's benefit.

B. Minimum Retirement Benefits (A.C.A. § 24-7-707 and A.C.A. § 24-7-713)

A member who retires under A.C.A. § 24-7-701 shall receive no less than the following benefits:

- i. A member who has at least ten (10) years of contributory credited service with ATRS will receive not less than \$1,800 per year; or
- ii. A member who has at least five (5) years of contributory credited service with ATRS will receive not less than \$1,200 per year; or
- iii. A member who has at least ten (10) years of noncontributory credited service with ATRS will receive not less than \$1,128 per year; or
- iv. A member who has at least five (5) years of noncontributory credited service with ATRS will receive not less than \$768 per year; or
- v. A member who has a mixture of contributory and noncontributory credited service greater than ten (10) years but less than the minimum credited years listed above will receive a prorated amount between \$1,128 and \$1,800 per year according to the relationship between the member's noncontributory and contributory credited service and total credited service; or
- vi. A member who has a mixture of contributory and noncontributory credited service greater than five (5) years but less than the minimum credited years listed above will receive a prorated amount between \$768 and \$1,200 per year according to the relationship between the member's noncontributory and contributory credited service and total credited service.

In addition to the minimum benefit amount, a member who meets eligibility requirements shall receive benefits applicable under A.C.A. § 24-7-713.

C. Effective Date of Retirement Benefits (A.C.A. § 24-7-701)

If a member meets all eligibility requirements for retirement and is approved for retirement, annuity benefits shall be effective the month proposed by the member. If the member does not file an application at least one calendar month prior to the proposed effective retirement date, then that proposed retirement effective date cannot be used, and the member's effective retirement date shall be the following month.

If a member has signed an employment contract for the fiscal year and has been paid in full without providing service for the full period of the

employment contract, the member's retirement effective date shall not be prior to July 1 of the subsequent fiscal year.

**D. Annual Cost of Living Increase**

On July 1 of each year, all retirees who have received a retirement benefit for 12 months or longer shall receive a 3% cost-of-living (COLA) increase (A.C.A. § 24-7-713).

**E. Compound Cost of Living Adjustment (A.C.A. § 24-7-727)**

- i. The Compound COLA shall apply to all retirees and beneficiaries who have been receiving a monthly retirement annuity for the prior 12-month period. The Compound COLA will also apply to T-DROP participants if the member is otherwise eligible for a retirement benefit under A.C.A. § 24-7-705.
- ii. The Compound COLA shall be calculated on 100% of the prior June 30 benefit amount times (X) 3%.
- iii. The redetermined amount will be payable for the ensuing fiscal year.
- iv. In the years that the Board elects to compound the COLA, the simple COLA shall not be payable. In a year the Board elects not to compound the COLA, the simple COLA under A.C.A. § 24-7-713 shall be given under paragraph 2D above.
- v. Each July 1 of a year in which the Board has compounded the COLA, the base amount shall be updated to include the prior June 30 benefit plus the Compound COLA amount.

**F. Annuity Stipend - Additional Benefit [A.C.A. § 24-7-713(b)(2)]**

Members with five (5) or more years of actual service with ATRS retiring after July 1, 1999, but prior to July 1, 2008, and their survivors and beneficiaries, shall receive an additional benefit of \$75.00 per month over and above the regular annuity.

Members with ten (10) or more years of actual service with ATRS retiring on or after July 1, 2008, and their survivors and beneficiaries shall receive an additional benefit of \$75 per month over and above the regular annuity.

For the purpose of determining eligibility for the additional benefit, "actual service" means service rendered in a position covered by ATRS. "Actual service" does not include purchased or free credited service or reciprocal service.

#### **G. Suspension of Benefits [A.C.A. § 24-7-209(a)]**

Subject to the minimum distribution provisions of A.C.A. § 24-7-730, anyone entitled to receive an annuity from the System may request the ATRS Executive Director in writing, for personal reasons and without disclosure, to suspend the payment of all benefits otherwise payable to him/her by the System. Upon approval to authorize suspension of benefits, the person shall be deemed to have forfeited all rights to the benefit but will retain the right to have the full benefit reinstated upon written notice to the Executive Director to revoke the request for suspension.

H. Benefits are payable through the month in which the retirant's death occurs.

#### **RULES**

1. A member age 65 or older may apply for retirement benefits without terminating employment and may begin drawing benefits with no effect on the member's retirement benefit.
2. For members requiring termination of employment to retire, a member shall not be terminated if the member does not terminate employment with all participating employers including public higher education institutions by his or her effective date of retirement or the member becomes employed within the required termination period with a participating employer after retirement.

Salary paid after the member's termination will not affect retirement eligibility if the payment is for services or other benefits accruing prior to termination and not uninterrupted employment.

3. Effective July 2, 2009, the following termination requirements shall apply:
  - A. For a member with 38 years of participation in ATRS, including actual or purchased service, reciprocal service, or T-DROP participation, by the member must terminate and remain terminated with all participating employers for a minimum of 30 calendar days after the effective date of retirement. For this purpose, the System will assume one month is equal to 30 calendar days regardless of the actual number of days in the month.
  - B. For a member with less than 38 years of participation in ATRS, including actual or purchased service, reciprocal service, or T-DROP participation, the member must terminate and remain terminated with all participating employers for a minimum of 180 calendar days after the member's effective date of retirement. For this purpose, the System will assume one

month is equal to 30 calendar days regardless of the actual number of days in the month.

4. The retirement application and all required documentation must be received by the System at least 30 calendar days prior to the proposed effective date of benefits. If the application is not received within 30 calendar days prior to the proposed effective date, the proposed date may not be used, and the member's effective date will be the following month.
5. The date of application for disability retirement benefits may be used to determine the effective date of age and service retirement benefits under the provisions of the law. The date of application for age and service retirement benefits may be used to determine the effective date of disability retirement under the provisions of the law.
6. A member may cancel an application for retirement benefits any time prior to thirty (30) days after the later of the effective date of benefits or the receipt of the first retirement check. The member shall notify the System of cancellation in writing and, upon cancellation, the member shall be eligible for active membership in the System.

**Amended:** June 15, 2004  
February 7, 2006  
April 26, 2007  
October 6, 2008  
June 16, 2009 (Emergency)  
October 5, 2009 (Permanent)